Property and Procurement eBusiness A Team Sport

January 2011

Defense Procurement

OSD

The Need for Improvement – FY02

Finance Language

Serial Item Management

Serial Number Tracking

Acquisition Language

Data Identifiers

Application Identifiers

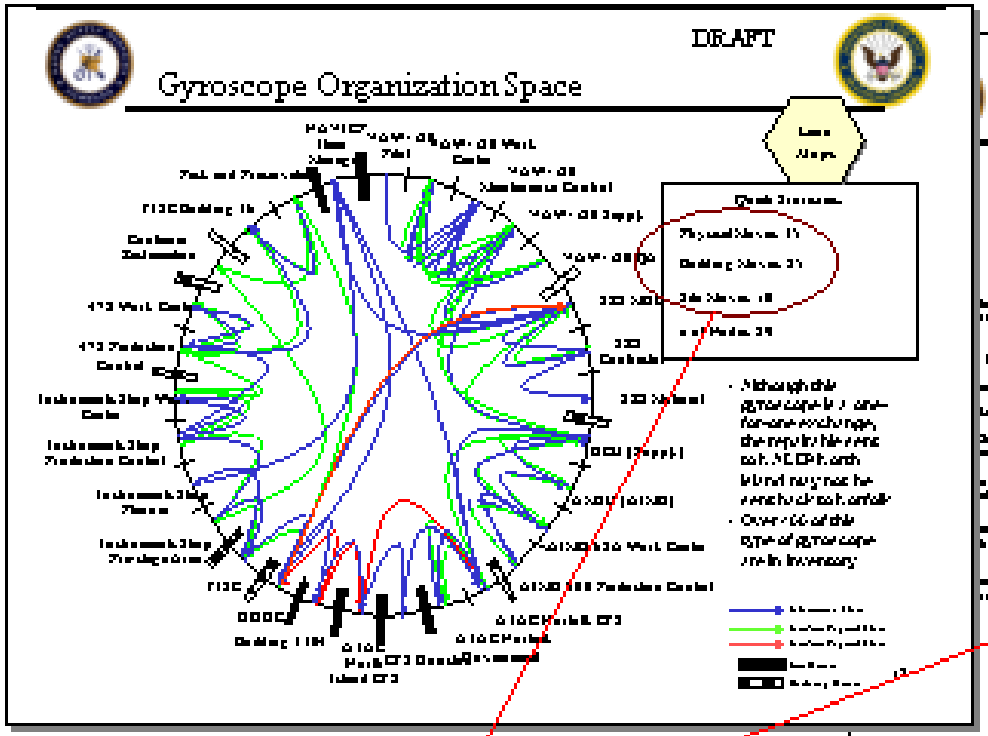
Text Element Identifiers

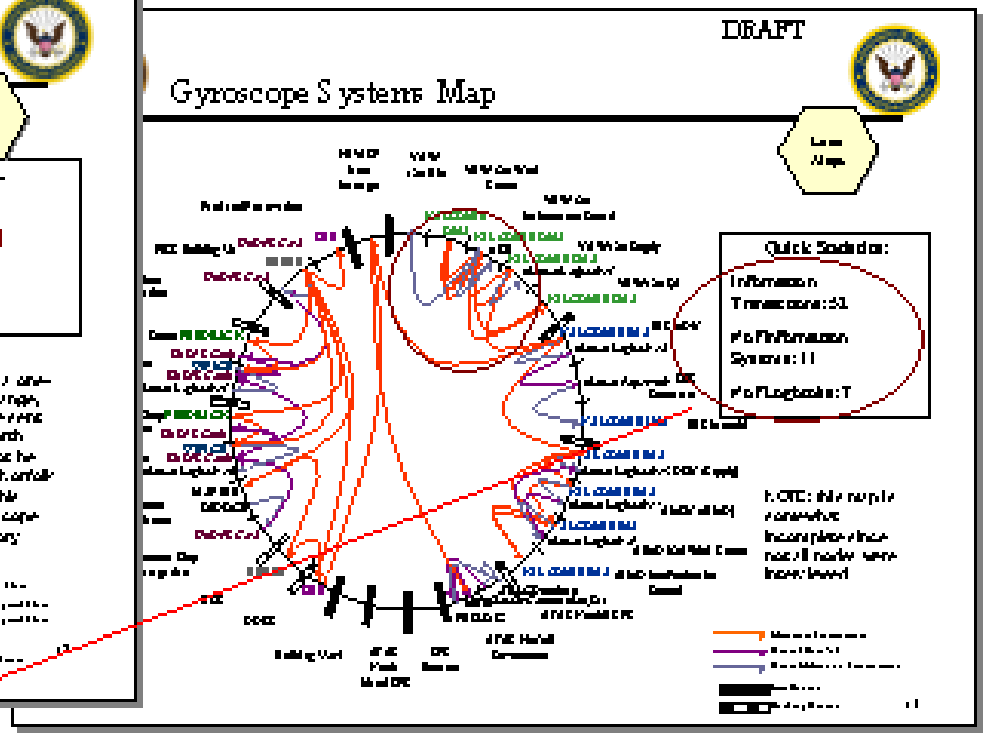
Maintenance Bill of Material/As Built List

Unique Item Tracking

Logistics Language

Property Transfer





- 35 Physical Moves
- 25 Building Moves
- 10 Sites Moves
- 52 IT Transactions
- 11 Info Systems
- 7 Logbooks

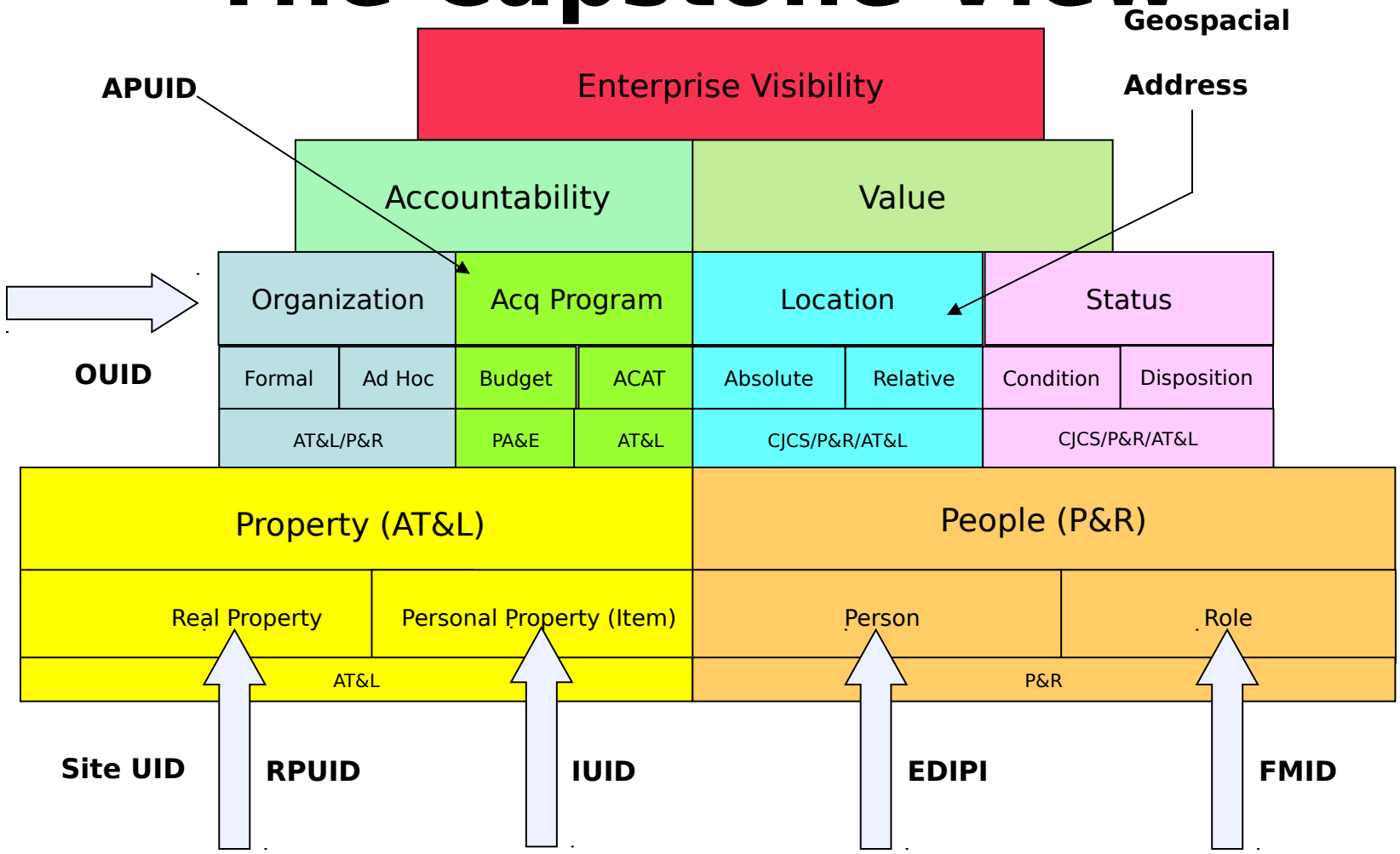
- *No End-to-End Management*
- *Lack of Visibility*
- *Long-Cycle Times*
- *Increased Inventory Levels*
- *Limited Ability to Forecast*

DoD Vision for UID – FY04

DoD, its coalition partners, and industry efficiently and effectively manage people, property, and intangible assets using globally unique identification

DoD Directive on UID

Unique Identification – The Capstone View

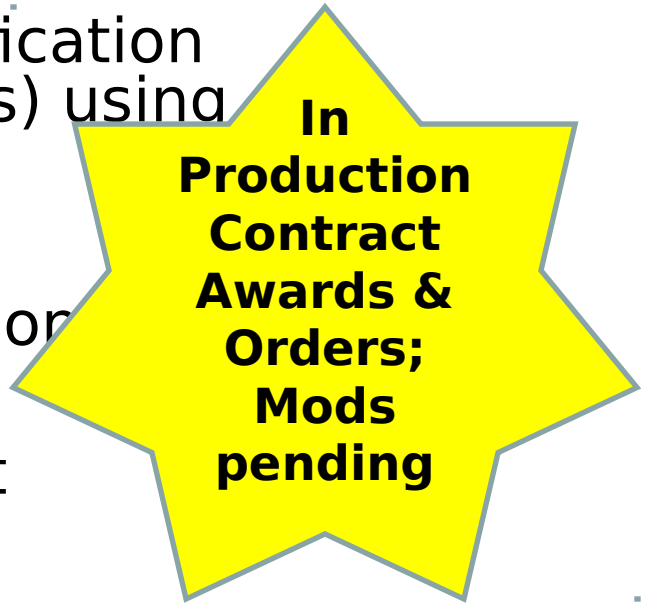


What's in it for Industry?

- Opportunity to:
  - integrate existing legacy parts management processes
  - leap to the next generation barcode; designed for electronic age
  - leverage commercial standards; using an interoperable solution
  - adopt a method to uniquely serialize items using a globally unique approach that –
    - Tracks counterfeit parts
    - Can be interchangeable with commercial business
    - Can be leveraged in the international defense environment

Procurement Data/Reporting and Financial Transparency (2007)

- ✓ Federal Financial Accountability and Transparency Act (Grants, OTs, Loans, Contracts) – monthly reporting; quarterly data verification and validation requirement
- ✓ American Recovery and Reinvestment Act reporting
- ✓ Taking Contract Award and Modification Documents to data (beyond PDFs) using
  - XML data standards
  - Data sharing
  - Reliance on standard transaction
  - Allows common data to be available regardless of Contract Writing System



Anti-Counterfeiting (2009)

- White House Strategic Plan
  - Dept of Commerce study
  - GAO Report
  - NASA, DLA, Missile Defense, Industry Associations, NATO interest
- Several DoD and NASA working groups already underway
- OMB chartered effort kicks off Jan 19 – NASA/USD (AT&L) leads

Common Operational Picture - 2011

- **Global Force Management Data Initiative (J3 & J8)**
  - Documenting the authorized force structure; including equipment by IUID
  - Establishes authoritative organization structure for DoD
- **Global Theater Security Cooperation Management Information System (G-TSCMIS) CONOPS (J5)**
- **Synchronized Personnel Operational Tracker (SPOT) (J4 & USD (L&MR))** – Statute requires tracking issuance of equipment to contractors (hand receipt)

Common Operational Picture - 2011

- **Initial Capabilities Document for Operational Contract Support (Pending JROC approval)**
  - Establishes requirement for management of contractors and contract support in a contingency environment; including property in the hands of contractors
  - J4 sponsor
- **Contingency Business Environment CONOPS (Informal coordination)**
  - Establishes enterprise wide business tools across USD (P&R); USD (AT&L); USD Comptroller
  - Communication backbone a challenge
  - Defense Procurement/J4 joint sponsors

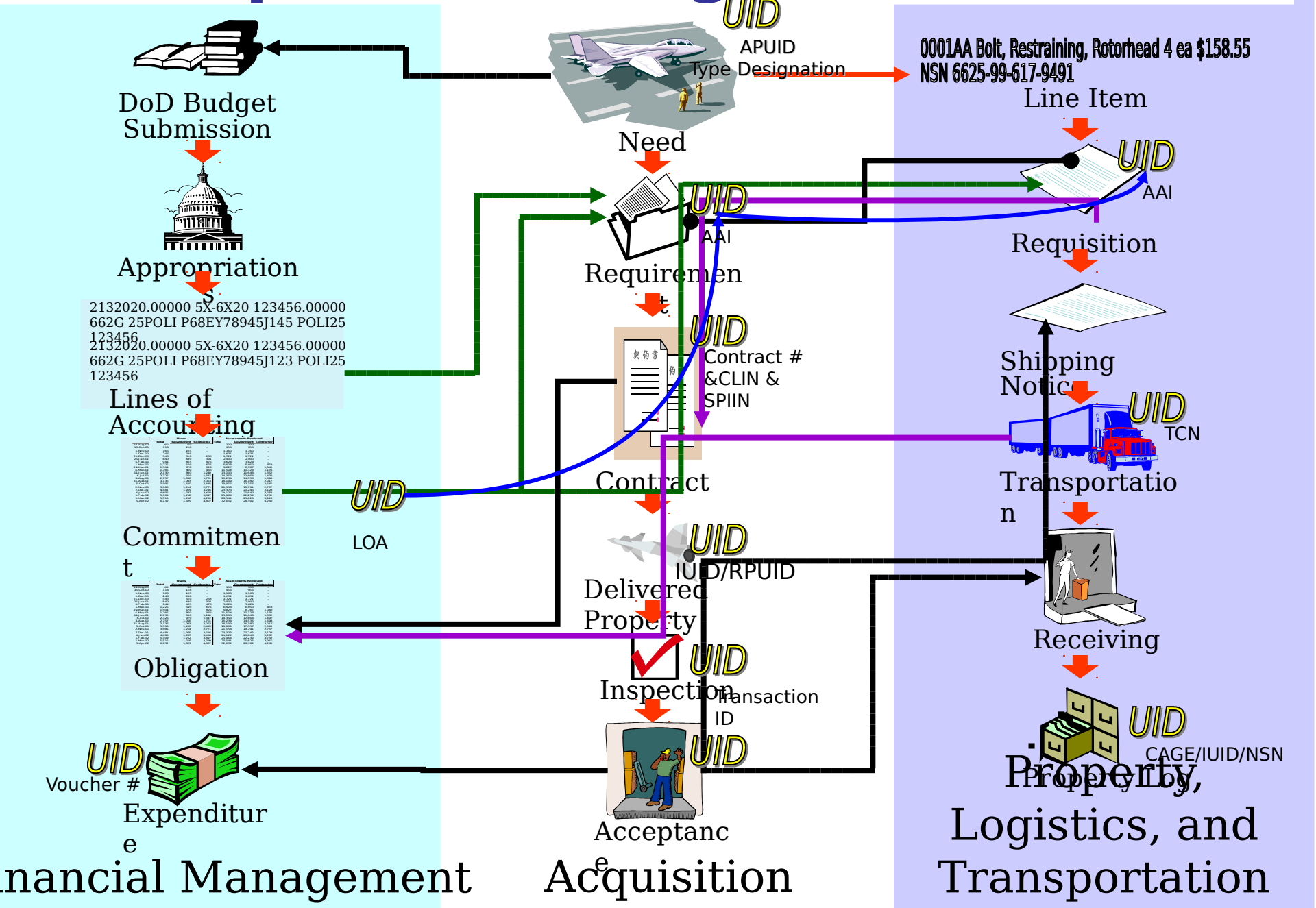
Data and Process Goal

Traceability and Transparency of –

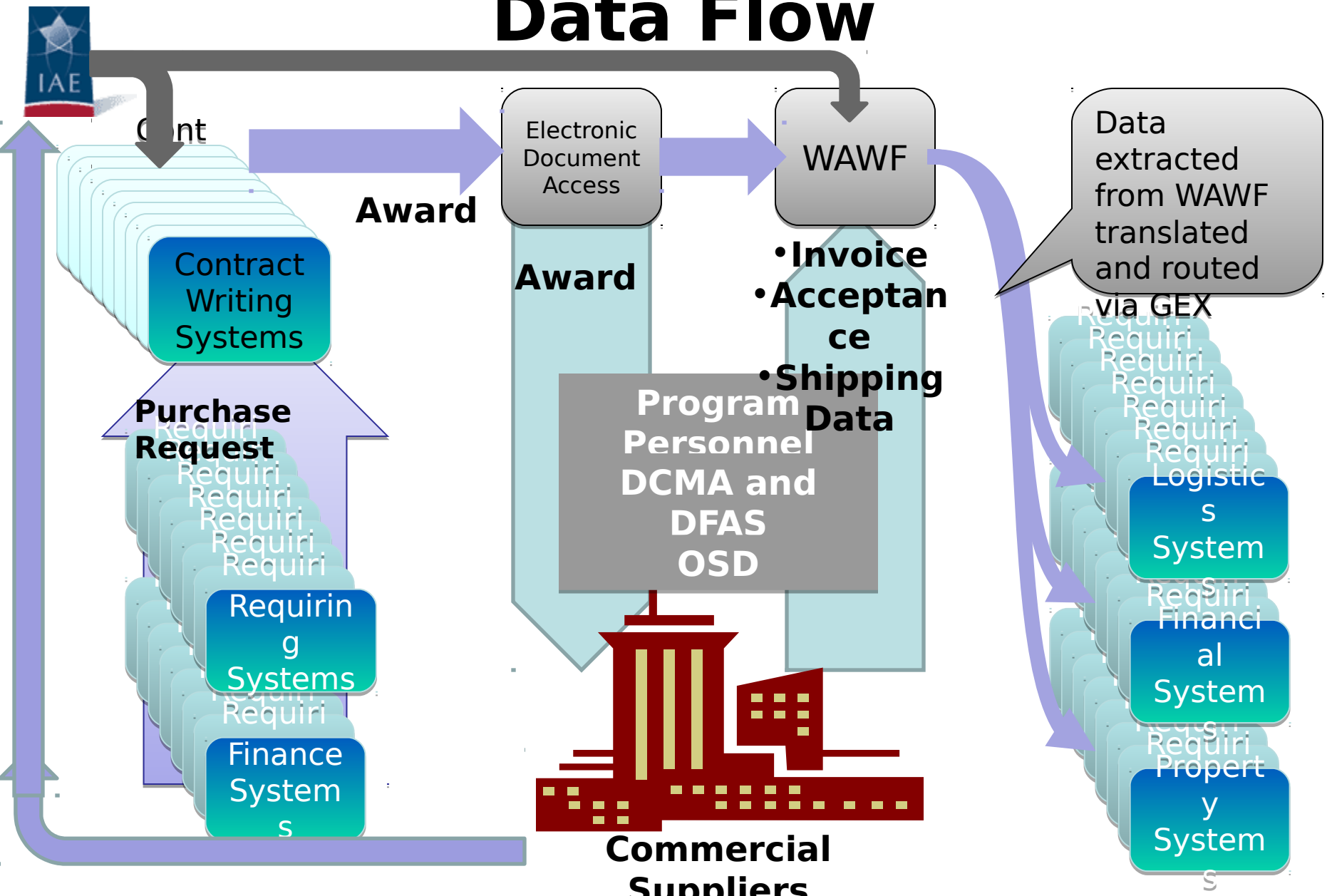
- Acquisition Demand to Procurement to Logistics
  - Including visibility of contractor personnel
- Using Business Rules, Data Keys and enforcing the Regulations

Challenge: Consistent adoption of data standards for traceability in a cross functional open systems environment

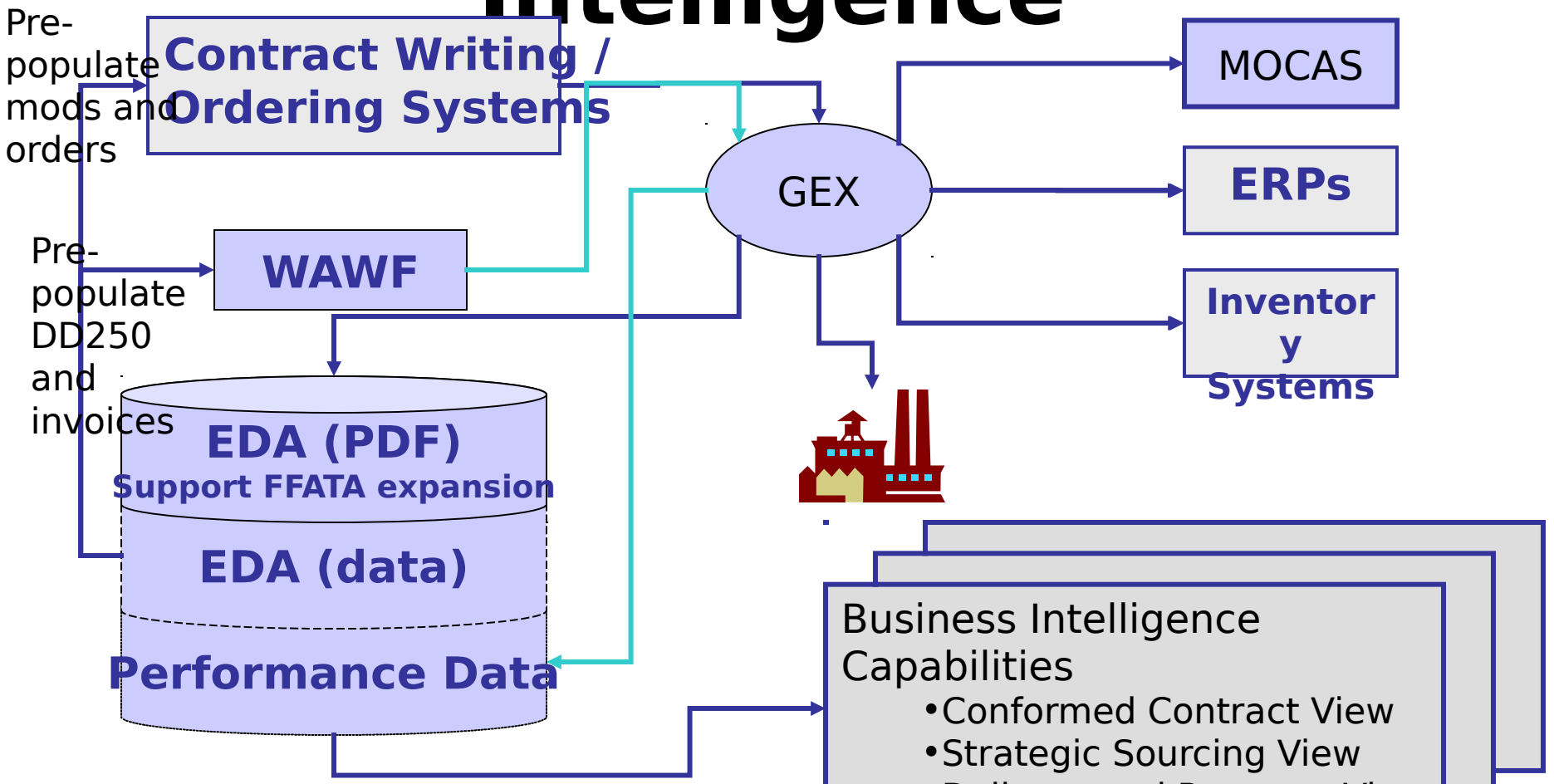
Enterprise UID Digital Data Flow



Basic Procurement Systems Data Flow

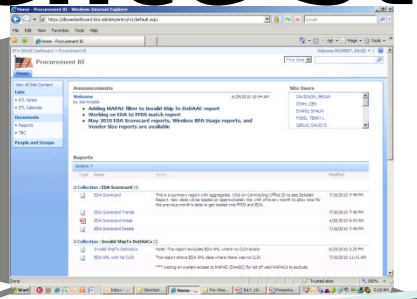


Contract Business Intelligence



PDS: Phase I Contracts & Orders – Complete
Phase II Mods – Jan 11 (Query only)

Procurement Business Intelligence Structure



Procurement Common Operational Picture (COP)

BI Reports

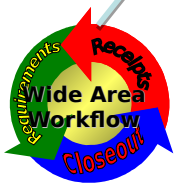
DCMA ETools Reports

Scorecards Contract Status IV&V Transparency . . .

JCCS

ACBIS

Authoritative Data Sources



CEFT

EDA

MOCAS

Integrated Acquisition Environment (IAE) Federal Data Sources

CCR ORCA

eSRS

PPIRS PAST PERFORMANCE INFORMATION RETRIEVAL SYSTEM

EPLS Excluded Parties List System

FPDS Next Generation

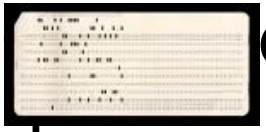
Government Furnished Property

- Numerous IG and GAO audits underway; property cannot be accounted for when in the hands of contractors
- USD (AT&L) kicked off working group Feb 2010
  - Traceability to Contract Number for outbound property
  - Tracking to IUID'd and non-IUID'd items
  - Transparency through transaction reuse
  - Ensuring contractors can only access the supply system within authorized limits
- Outcome: Updated business rules across functional communities (e.g. GFP, supply, equipment accountability)

Phase III - Procurement Data Standard

- Plan of Action
  - Tackle processes in phases
  - First two phases
    - Payment provisions
    - Property process and provisions

Lessons Learned So Far

Problem: DoD is addicted to MILS transactions (8  column)

- Variable length transactions have been the vision for 17 years with limited traction (DLMS)
- Property shipment to contractors (with contract number) is a lost art; lax controls
- Electronic transactions are the exception when not issuing out of supply

Basics of property management

- Carry more data (use variable length transactions)
- Use electronic transactions; employ middleware to bridge MILS to DLMS variable length
- Capture Type Designation and NSN where available
- Always track to contract number
- Embrace WAWF and available enterprise data
- Scrub DoDAACs on a regular basis

Property Reconciliation and Transfer Challenges

- Establishing a data and transaction sets to facilitate Government Furnished Property Reconciliation
- Ensure submission of complete, accurate and current IUID (including embedded) data at delivery
  - Develop a Standard Operating Procedure for IUID data anomalies; audits underway
  - Initiating audits/data integrity reviews with the services

Challenges and Opportunities

- **Adhering to the contract line item rules; enforcing regulations**
- **Continuing to improve acquisition/procurement/ payment/logistics data exchange and internal controls**
- **Establishing standard policy and electronic data framework for Government Furnished Property management environment**
- **Marking and managing items as an enterprise**
- **Ensuring IUID data quality**
- **Cyber and counterfeiting challenges driving more traceability requirements**
- **Meeting the stretch goals set by the Joint Staff and Combatant Commanders**

Backup

Final Policy

GFP Policy	Action	By Whom
Establish standard data format for GFP in contracts	DFARS PGI 245.1;.2;.4 final rule - July 23, 2010	USD (AT&L)
Government-Assigned Serial Number Marking	DFARS - Case 2008-D047 final rule – Sept 27, 2010	USD (AT&L)
IUID Marking of GFP	DFARS Case 2008-D050 pending as final rule	USD (AT&L)
Ensure use of DCMA's Loss, Theft, Damaged and Destroyed system for all DoD contracts	DFARS Case 2008-D049 Reporting of Government Property Losses; pending as final rule	USD (AT&L)

Reporting of Government Furnished Property

GFP Policy	Action	By Whom
Reporting of non-IUID'd items	Modification to "7007 clause" published as a proposed rule Dec 2010 (2009-D043)	USD (AT&L)
Ensure sync of GFP business rules across DFARS, Instructions: 4140 (Supply), 5000.64 (Equipment) and 4161.2 (GFP)	All issuances will be updated NLT 2011	USD (AT&L)

Traceability of Items with WAWF and IUID Registry

Changes in Traceability of Items	Target Operational Date for IUID Registry	Target Operational Date for WAWF
Tracking of ST/STE designation	April 2011	Target Winter 2012
Ability to designate Service or Component designation	April 2011	Will use ship to DODAAC as initial designation
Ability to record receipt of GFP including non-UII'd property	Oct 2011 – GFP Hub Target IOC	Target Oct 2011
Ensure WAWF has a searchable reports capability	N/A	Dec 2010
Require Original Part & Serial Number as a mandatory field for Construct 1	TBD	TBD
Define warranty data to be captured at time of delivery	TBD	Warranty flag operational; Warranty attachment in design

Government Furnished Property Challenges

Changes in Traceability of Items	Current Action	By Whom
Defining existing data and transactions used for GFP supply transactions	GFP Hub is prototyping data exchange with DLA, Marines and Army	USD (AT&L) DLA, Marines and Army
Defining existing data and transactions used for GFP non-supply transactions	Marines and Army are mapping the transactions used for GFP; AF stood up action team	USD (AT&L), Army, & Marines
Restore discipline to MCAs tracking to contract number	TBD	USD (AT&L)
Require contract number whenever property is shipped to a contractor	Update to DoD Instruction 4161.2 pending (Management, Control & Govt Property in Possession of Contractors)	USD (AT&L)
Require receipt of GFP by contractors	Already in regulations	USD (AT&L)

Next Challenges

Open Items	Current Action	Action
Defining Capability Requirements for IUID systems investment	Developing capabilities documents for property accountability, intensive item management, use of variable length transactions and maintenance	USD (AT&L) multiple offices
Institutionalize IUID requirement	UID required in capabilities documents	Joint Staff
Defining Transportation UID	L&MR has asked TRANSCOM to work with the Joint Staff to provide definition	TRANSCOM/USD (AT&L)
AT&L Responsible for Existence of Property	Directives and Issuances will require updating	USD (AT&L) multiple offices

Next Challenges

Open Items	Current Action	Action Office
Defining life cycle events to be tracked at the enterprise level	Rewrite of IUID Instruction underway	USD (AT&L) multiple offices
Defining warranty solicitation and contract data requirements	DFARS case 2009-D018 public comment period closed; comments under consideration	Defense Procurement
Re-instituting Quality Assurance oversight	AT&L re-establishing Defense Standards Executive and emphasis on QA	USD (AT&L)
Combating Counterfeit Parts	Several task forces underway across industry and government	USD (AT&L)